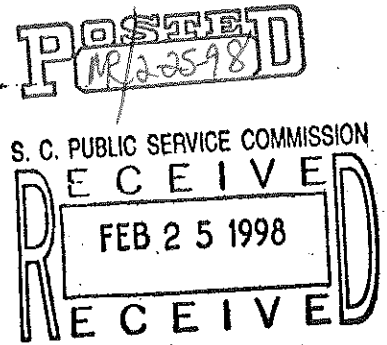


**DIRECT TESTIMONY
OF
KEVIN B. CARDWELL**



- 1 Q. Please state your name and business address.
- 2 A. Kevin B. Cardwell, 411 Fayetteville Street Mall, Raleigh, North Carolina.
- 3 Q. What is your position with Carolina Power & Light Company?
- 4 A. I am the Director - Fossil Fuel Department in the Power Operations Group.
- 5 Q. Please state your educational background and experience.
- 6 A. I have an MBA degree from the University of Louisville and a B.S. degree in Commerce
- 7 from the University of Louisville. From 1974 until early 1993, I was with Louisville
- 8 Gas and Electric Company (LG&E), a public utility. I held various positions at LG&E,
- 9 last as Manager-Coal Supply Department. From early 1993 to mid 1996, I formed and
- 10 operated Strategic Energy Services, Inc., a management consulting firm for fuel and
- 11 transportation procurement/management.. I joined Carolina Power & Light in mid 1996
- 12 as Manager - Fossil Fuel Department and later, Director - Fossil Fuel Department.
- 13 Q. What is the purpose of your testimony?
- 14 A. The purpose of my testimony is to show the reasonableness of the Company's fuel
- 15 purchasing practices and to present fuel cost data for the period January 1997 through
- 16 December 1997.
- 17 Q. During the period January 1997 through December 1997, how much coal did the
- 18 Company have under contract, and what were the spot coal requirements for this period?
- 19 A. The Company had contracts for 7,698,500 tons of coal for shipment from January 1997
- 20 through December, 1997 and spot orders for 3,244,150 tons of coal for the same period.

RETURN DATE: _____
SERVICE: OK MR

- 1 Q. How much contract coal and spot coal did the Company receive during the test period?
- 2 A. The Company received 7,398,850 tons of contract coal at an average cost of 181¢/MBtu
3 and 3,126,172 tons of spot coal at an average cost of 141¢/MBtu.
- 4 Q. What was the Company's inventory of coal at the end of December 1997?
- 5 A. The coal inventory as of December 31, 1997 was 963,940 tons, which would provide
6 about 24 days' generation based on an 85 percent fossil steam capacity factor.
- 7 Q. Please describe Cardwell Exhibit No. 1.
- 8 A. Cardwell Exhibit No. 1 shows the quality of coal received each month during the period.
- 9 Q. What was the average nuclear fuel cost for the generation of electricity during the period
10 January 1997 through December 1997?
- 11 A. The average cost of nuclear fuel consumed in the generation of electricity during that
12 period was 46 ¢/MBtu.
- 13 Q. During the period January 1997 through December 1997, how many gallons of No. 2
14 fuel oil did the Company receive and at what cost?
- 15 A. The Company received a total of 23,600,282 gallons of No. 2 fuel oil at an average of
16 63¢/gallon (454¢/MBtu) for that period.
- 17 Q. What was the Company's closing oil inventory on December 31, 1997?
- 18 A. The Company's closing oil inventory on December 31, 1997 was 10,800,031 gallons of
19 No. 2 fuel oil.
- 20 Q. During the period January 1997 through December 1997, how many gallons of propane
21 did the Company receive and at what cost?
- 22 A. The Company did not receive any propane during that period.
- 23 Q. What was the Company's closing propane inventory on December 31, 1997?

1 A. The Company's closing propane inventory on December 31, 1997 was 631,398 gallons.

2 Q. How much natural gas did the Company burn during the period January, 1997 through
3 December 1997?

4 A. The Company burned 1,770,034 MCF natural gas for the period at a cost of 314 ¢/MBtu.

5 Q. Were the inventory levels maintained during the test period appropriate and were your
6 fuel procurement practices reasonable and prudent?

7 A. Yes. The inventory levels ensured an adequate supply of fuel to meet our customers'
8 electrical requirements during this period and the fuel was secured at a reasonable cost
9 utilizing prudent procurement practices and procedures.

10 Q. Does this conclude your testimony?

11 A. Yes, it does.

CAROLINA POWER & LIGHT COMPANY
ANALYSIS OF QUALITY OF FUEL AS RECEIVED

<u>Month</u> (a)	<u>Type</u> (b)	<u>Percent Moisture</u> (c)	<u>Percent Ash</u> (d)	<u>Percent Sulfur</u> (e)	<u>Btu/Pound</u> (f)
January 1997	Contract Coal	6.89	11.08	1.33	12237
	Spot Coal	6.56	11.13	1.00	12175
February 1997	Contract Coal	6.81	11.18	.84	12285
	Spot Coal	6.31	12.67	.92	12024
March 1997	Contract Coal	6.64	11.42	.83	12379
	Spot Coal	11.77	10.44	.80	11337
April 1997	Contract Coal	6.28	11.58	.83	12394
	Spot Coal	6.31	15.72	1.09	11638
May 1997	Contract Coal	6.34	11.70	.84	12342
	Spot Coal	6.08	14.07	1.15	11790
June 1997	Contract Coal	6.58	11.31	.89	12293
	Spot Coal	6.17	11.73	1.00	12107
July 1997	Contract Coal	6.89	11.30	.87	12290
	Spot Coal	5.33	12.99	1.09	12213
August 1997	Contract Coal	6.27	11.58	.84	12314
	Spot Coal	5.32	10.95	.99	12612
September 1997	Contract Coal	6.32	11.52	.89	12195
	Spot Coal	6.31	14.04	1.12	12039
October 1997	Contract Coal	6.42	11.60	.87	12311
	Spot Coal	5.96	11.49	.98	12392
November 1997	Contract Coal	6.93	11.18	.84	12310
	Spot Coal	6.15	10.93	.98	12317
December 1997	Contract Coal	6.84	11.44	.90	12342
	Spot Coal	6.36	10.58	1.08	12428